

CITY OF SAN ANTONIO

Department Of Finance

Request For Bid For Tax-Exempt Master Lease Purchase Financing Provider

Term Sheet

The City of San Antonio, Texas (the "City") is accepting bids for a five-year commitment for a Tax-Exempt Master Lease Purchase Financing Provider. The City anticipates funding various personal property acquisition requirements over the next five years with an annual lease financing amount not to exceed \$5,000,000. Major City departments that may utilize this financing option include Fire, Public Works, Environmental Services, Information Technology Services, Police, and Parks and Recreation. The lease purchase proceeds will be utilized for the acquisition of various items of personal property and to pay the cost of financing. The amortization period for funding these items will vary between two (2) and five (5) years at the City's sole option.

The City will select the firm whose bid produces the lowest total interest cost to the City, and whose terms and conditions of the proposed Master Lease Purchase Agreement (the "Master Lease") are consistent with the City's objectives.

Each firm that responds to this request for bid (the "Bidder") must sign and submit the attached "Tax-Exempt Master Lease Purchase Financing Provider Bid Sheet" (the "Bid Sheet") along with all other required documentation not later than 1:30 p.m. Central Standard Time, on Tuesday, January 18, 2005, to the Office of the City Clerk, City Hall, Second Floor, 100 Military Plaza, San Antonio, Texas 78205. The bids will be publicly opened and read in the Office of the City Clerk. The Bid Sheet may be submitted by mail or hand delivery. **Submission of the Bid Sheet by telephone or facsimile transmission will not be accepted.** All bids must be clearly labeled "Bid to Provide Tax-Exempt Master Lease Purchase Financing", Attention: Finance Department. Bids received after 1:30 p.m., on Tuesday, January 18, 2005, will not be accepted and will be returned unopened. The Bidder shall be solely responsible for the choice of mode and timing of delivery. The City shall not be liable in any manner whatsoever for lost, misrouted or late submissions.

The City's contact persons for this process are Mr. Donald J. Gonzales, Estrada Hinojosa & Company, 210-223-4888, Mr. Milo D. Nitschke, Finance Director, 210-207-8620, and Ms. Cappi Arriola, Financial Analyst, 210-207-8637.

All bids, once submitted, shall become the property of the City and will not be returned. Any information deemed to be confidential by a submitting Bidder should be clearly labeled "proprietary and confidential" on the page or pages where such confidential information is contained. However, the City cannot guarantee that such information will be kept from public disclosure as information deemed confidential by the Bidder may not be recognized as confidential under Texas law.

INITIAL EQUIPMENT ACQUISITION (EXHIBITS I and II):

The City is initially acquiring equipment for the Fire and Information Technology Services departments (See Exhibits I & II.).

During the term of this Master Lease, the City will annually consider financing other items of personal property (the "Equipment"). The equipment items to be financed are those necessary for the operational requirements of the City. For illustrative purposes only, examples include: fire trucks, environmental services trucks, heavy equipment, street

equipment and computer hardware and software. Financing of any Equipment not specifically identified in Exhibits I and II, however, shall be subject to the mutual agreement of the parties to the Master Lease.

FINANCING AMOUNT:

The maximum amount to be financed is not to exceed \$5,000,000.00 per year for the five (5) year term and each installment may have an amortization schedule of up to 60 months. Each financing may include the Equipment and the City's financing, legal and related costs. The minimum financed amount per transaction shall be \$300,000. The City is not committed to finance the acquisition of any Equipment items in any year under this Master Lease.

FINANCING:

The City will retain title and possession of all Equipment items purchased under this Master Lease and will effectuate a perfected security interest in the acquired Equipment for the benefit of the lending institution. The Master Lease must comply with applicable federal and state laws, including, but not limited to the Texas Constitutional provisions regarding municipal finance and annual appropriations.

RATING:

The Master Lease will not have a rating.

RATE/COST:

Financings will not exceed a sixty (60) month term, and will have level principal and interest payments. The term for any one financing will range from twenty-four (24) months to sixty (60) months.

Bidders shall utilize the five (5) year (fifth) maturity of the Municipal Market Data ("MMD") Tax-Exempt Index as provided by Thompson Municipal Market Monitor, Municipal Market Data-Line "AAA" Yield Curve (or other similar index in the event that MMD no longer exists) plus a spread, if any, to determine the interest rate for a sixty (60) month term.

On the attached Bid Sheet, each Bidder must submit a bid that will be evaluated based on the lowest total interest cost assuming a sixty (60) month term and the MMD as of January 10, 2005. In the event of a tie, the Bidders will be contacted for a best and final offer. If a tie exists after the final and best offer has been submitted, the City reserves the right to select the firm to provide this financing.

The interest rate for any term shall be based upon the applicable maturity of the MMD for the final principal payment plus the spread that is utilized for the sixty (60) month term. (As an example, to set the interest rate for a forty-eight month term financing the following would apply. The four (4) year maturity of the MMD as of December 27, 2004 is 2.41%. Based upon a proposed bid spread of 10 basis points, the forty-eight (48) month interest rate would be 2.51%.)

Approximately thirty days prior to each funding, the Bidder will set an interest rate based on the then current MMD rate for the applicable term, plus the bid rate spread as provided in the initial Bid Sheet.

Each funding added to the Master Lease will be presented to City Council for approval.

LEASE PAYMENT TERMS:

Interest shall accrue commencing on the date of delivery of funds. The amortization period per draw shall be twenty-four (24) to sixty (60) months, at the City's option, which shall be payable in level principal and interest payments.

The initial financing will include:

Mainframe System

Interest shall accrue commencing at the date of delivery of funds and become payable on May 1, 2005. Principal and interest shall be payable over sixty (60) months in twenty (20) equal quarterly payments commencing August 1, 2005 through May 1, 2010. Delivery, inspection and final acceptance of the Mainframe System as evidenced in writing to the vendor and the Bidder is scheduled to occur on or about February 24, 2005.

***Self-Contained Breathing
Apparatus ("SCBA") Components***

Interest shall accrue commencing at the date of delivery of funds and become payable on May 1, 2005. Principal and interest shall be payable over sixty (60) months in twenty (20) equal quarterly payments commencing August 1, 2005 through May 1, 2010. Delivery, inspection and final acceptance of the SCBA components as evidenced in writing to the vendor and the Bidder is scheduled to occur on or about March 15, 2005.

All agreements must include express provisions indicating that payments and obligations of the City are subject to the Texas Constitutional requirements of annual appropriations by the City Council. The Bidder shall not submit an agreement containing terms requiring the City to indemnify Bidder, pay Bidder's court costs, collection costs or attorney's fees in any event, if Bidder is selected. The Bidder shall not submit an agreement containing a requirement that the City return the Equipment to a location specified by the Bidder and/or vendor in any event.

LESSEE:

City of San Antonio, Texas.

FUTURE FINANCINGS:

The City assumes that it will issue several series of tax-exempt obligations during calendar year 2005 including, but not limited to, this Master Lease. However, nothing in this transaction shall constitute an advance award of such future financings, in any manner whatsoever, to the successful bidder in this transaction, if and when the City awards such future transactions.

PREPAYMENT OPTION:

On any payment date, the City may prepay in full or in part the principal balance of all lease payments outstanding at the time of such prepayment, plus accrued interest, without any prepayment penalty. The City will retain title and possession to the Equipment upon final payment of all required lease payments applicable to each financing.

CITY ACCEPTANCE OF OFFER:

The City reserves the right to select the lowest, responsive bid or to reject any or all bids submitted. In addition, the City reserves the right to cancel the entire process or re-bid this Tax-Exempt Master Lease Purchase financing. Release of this request for bid does not bind the City to enter into any Master Lease, nor does it obligate the City to pay any costs incurred in the preparation or submission of a bid. The Master Lease will be awarded to the bidder whose bid produces the lowest total interest cost assuming a sixty (60) month term and whose terms and conditions of the Master Lease are consistent with the City's objectives. If a bid is selected, it is anticipated that the accepted offer will be recommended to the City Council of the City for action by an ordinance that will approve the Master Lease on or about February 10, 2005.

Failure to submit the executed Bid Sheet and applicable information shall disqualify the submitted bid from consideration.

STRUCTURE:

The Master Lease is a controlling document with schedules to be added as needed for the acquisition of additional Equipment and to pay the cost of each financing.

Schedules will be added to the Master Lease with each financing for subsequent Equipment acquisitions. Financings may include more than one item or type of Equipment.

DRAWDOWN PERIOD:

Five (5) years with a maximum draw of \$5,000,000 per year. The minimum financed amount per financing shall be \$300,000. The City may enter into one or more financings per year not to exceed an annual aggregate amount of \$5,000,000; however, the City shall not be obligated to enter into any financings.

TAX EXEMPT STATUS:

To ensure the tax-exempt status of the lease-purchase financing proposal, Bidder should consult with its own tax counsel regarding compliance with all pertinent federal income tax laws, rules and regulations.

NOT BANK QUALIFIED:

The City will issue more than \$10,000,000 in tax-exempt debt in 2005. Accordingly, the proposed Master Lease will not be designated as a "qualified tax-exempt obligation" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

NO TEXAS ATTORNEY

GENERAL APPROVAL:

The proposed Master Lease is exempt from review by the Texas Attorney General pursuant to the provisions of Section 1202.007, as amended, Texas Government Code, However, in order to maintain this exemption, the Bidder selected by the City will not be able to "participate" or issue certificates of participation in the City's lease payment stream.

BIDDERS WILL PREPARE DOCUMENTS:

Bidders must submit a copy of their standard municipal lease documents in both hard copy and on CD-Rom in Microsoft Word format with their bid. These documents will be subject to review and modifications by the City's bond counsel, financial advisor and the City Attorney.

BIDDERS TO PAY OWN LEGAL FEES:

The Bidder selected by the City will pay their own costs, including, legal fees, associated with the preparation of the financing documents.

DISCRETIONARY CONTRACTS DISCLOSURE FORM (ATTACHMENT D):

All firms submitting bids must complete and return a Discretionary Contracts Disclosure Form as required by City Ordinance.

CITY OF SAN ANTONIO
Department Of Finance

Tax-Exempt Master Lease Purchase Financing Provider

Bid Sheet

BIDDER:

NAME OF FIRM:

ADDRESS:

NAME OF CONTACT PERSON:

EMAIL ADDRESS:

PHONE NUMBER:

FAX NUMBER:

PLEASE FILL IN THE MMD RATE AT 1/10/05, INTEREST RATE SPREAD, IF ANY, TO THE MMD RATE, TOTAL INTEREST RATE AND TOTAL INTEREST COST IN THE TABLE BELOW. ANY INTEREST RATE SPREAD SHOULD ASSUME LEVEL QUARTERLY PRINCIPAL AND INTEREST PAYMENTS FOR THE PERIOD SHOWN IN THE TABLE BELOW.

FIVE YEAR MATURITY

First Principal Payment	Last Principal Payment	First Interest Payment	Last Interest Payment	Initial Amount Financed	MMD Rate At 1/10/05	Interest Rate Spread	Total Interest Rate
8/01/05	5/01/10	5/01/05	5/01/10	\$2,606,436.85	_____	_____	_____

TOTAL INTEREST COST:

**BID QUOTE EXPIRATION DATE:
DATE:**

**SIGNATURE OF
AUTHORIZED REPRESENTATIVE:**

EXHIBIT I

Mainframe System

City of San Antonio, Texas
Department of Finance

Exhibit I

The City of San Antonio is purchasing an IBM Mainframe System to replace the City's current 6 year old mainframe. This mainframe will accommodate the following systems: Municipal Court, 311, 911, Police, Fire and EMS dispatching and administrative functions.

See below for a detailed breakout and description of each component being financed.

VENDOR	GENERAL DESCRIPTION	DETAILED DESCRIPTION	MAKE & MODEL	QTY	UNIT COST	FINANCING COST	TOTAL COST	FINANCING COSTS	TOTAL EQUIPMENT COST PLUS COST OF FINANCING	ESTIMATED DELIVERY DATE
Sirius Enterprise Systems Group	Mainframe Server	IBM Z890 processor with a capacity setting 250, 8GB memory, 2 ESCON channel cards and 5 FICON channel cards	IBM Z890 processor 2086-A04	1	752,000.00		752,000.00		752,000.00	1/5/2005
Sirius Enterprise Systems Group	Channel Converters	Optica ESCON channel converters	Optica 34600 ESCON converters	6	3,120.50		18,723.00		18,723.00	1/5/2005
Sirius Enterprise Systems Group	Software	EGO Software	EGO Software		696,588.12		696,588.12		696,588.12	1/5/2005
VENDOR DISCOUNT							(20,000.00)		(20,000.00)	1/5/2005
TOTAL							1,447,311.12	9,501.79	1,456,812.91	

EXHIBIT II

Self-Contained Breathing Apparatus (“SCBA”) Components

City of San Antonio, Texas
Department of Finance

Exhibit II

The City of San Antonio Fire Department is purchasing Self Contained Breathing Apparatus (SCBA) components which are scheduled to be delivered in March 2005. The SCBA components include: masks, harnesses, PASS alarms, regulators, air cylinders and pressure reducers for all fire suppression firefighters and SCBA testing equipment (testing kits and laptops required to run fit tests on masks and functionality of regulators), rescue equipment (forced air masks for unconscious firefighters and extra breathing packs), and specialty fit spectacle kits (for firefighters wearing eye glasses).

See below for detailed breakout of each of these items.

VENDOR	GENERAL DESCRIPTION	DETAILED DESCRIPTION	MAKE & MODEL	QTY	UNIT COST	FINANCING COST	TOTAL COST	FINANCING COSTS	TOTAL EQUIPMENT COST PLUS COST OF FINANCING	ESTIMATED DELIVERY DATE
Interspiro	SCBA Components	S4 Sidearm CBRN HP W/PASSII NOBB	Interspiro/24100-05	107	1787		191,209.00		191,209.00	3/15/2005
Interspiro	SCBA Components	6630(6.65) Carbon Fiber Cyl.	Interspiro/336890521	397	390		154,830.00		154,830.00	3/15/2005
Interspiro	SCBA Components	6630(6.65) Carbon Fiber Cyl.	Interspiro/336890521	585	390		228,150.00		228,150.00	3/15/2005
Interspiro	SCBA Components	LG S MASK CBRN W/BV/BYPASS & TAB	Interspiro/55081-4	705	404		284,820.00		284,820.00	3/15/2005
Interspiro	SCBA Components	LG S MASK W/TABS	Interspiro/96889-19	97	220		21,340.00		21,340.00	3/15/2005
Interspiro	SCBA Components	POSICHEK 3 TEST ACCESS. KIT	Interspiro/96264-01	3	1100.25		3,300.75		3,300.75	3/15/2005

VENDOR	GENERAL DESCRIPTION	DETAILED DESCRIPTION	MAKE & MODEL	QTY	UNIT COST	FINANCING COST	TOTAL COST	FINANCING COSTS	TOTAL EQUIPMENT COST PLUS COST OF FINANCING	ESTIMATED DELIVERY DATE
Interspiro	SCBA Components	POSICHEK 3	Interspiro/96358-01	1	5752.75		5,752.75		5,752.75	3/15/2005
Interspiro	SCBA Components	Laptop	Interspiro	2	1868.75		3,737.50		3,737.50	3/15/2005
Interspiro	SCBA Components	Printer	Interspiro	3	197.5		592.50		592.50	3/15/2005
Interspiro	SCBA Components	S TOOL KIT	Interspiro/96018-01	4	875		3,500.00		3,500.00	3/15/2005
Interspiro	SCBA Components	9030 CARBON FIBER CYL ASSY	Interspiro/336890498	30	840		25,200.00		25,200.00	3/15/2005
Interspiro	SCBA Components	SPECTACLE KIT (NEW VERS.)	Interspiro/336890493	100	49		4,900.00		4,900.00	3/15/2005
Interspiro	SCBA Components	OHD FITTESTER 3000	Interspiro	1	8300		8,300.00		8,300.00	3/15/2005
Interspiro	SCBA Components	S4/T4 RIT Drag Bag Rescue Pack	Interspiro/97289-01	70	1395		97,650.00		97,650.00	3/15/2005
Interspiro	SCBA Components	Revitox 795 Mask	Interspiro	70	435.7		30,499.00		30,499.00	3/15/2005

VENDOR	GENERAL DESCRIPTION	DETAILED DESCRIPTION	MAKE & MODEL	QTY	UNIT COST	FINANCING COST	TOTAL COST	FINANCING COSTS	TOTAL EQUIPMENT COST PLUS COST OF FINANCING	ESTIMATED DELIVERY DATE
Interspiro	SCBA Components	Seat Brackets: Mounting kit, ZICO model ULLH	Interspiro/ULLH	330	88		29,040.00		29,040.00	3/15/2005
Interspiro	SCBA Components	Seat Brackets: Installation	Interspiro	318	varies		40,627.00		40,627.00	3/15/2005
Interspiro	SCBA Components	Supplied Air Connection (8") for Platforms	Interspiro/95563-02	12	103.21		1,238.52		1,238.52	3/15/2005
Less Trade-In Data							(9,440.00)		(9,440.00)	
Add 1.5% HGAC up-charge							16,878.71		16,878.71	
TOTAL							1,142,125.73	7,498.21	1,149,623.94	

ATTACHMENT I

Discretionary Contracts Disclosure Form

City of San Antonio

Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

(3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

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Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature:	Title: Company:	Date:

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.